



STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

To: House and Senate Appropriations Committees
From: Doug Hoffer, Vermont State Auditor
Date: 31 January 2017
Re: SAO Budget

Attached are the materials requested for our budget presentation, including the budget development form, rollup report, detail report, personnel summary report, and the strategic plan and performance measures.

How much are we doing?

In CY 2016, we issued seven performance audits,¹ along with three non-audit inquiries.² In addition, KPMG completed the required audit of the state's financial statements and the Federal Single Audit. Our office also fielded 78 inquiries including fraud allegations, whistleblower complaints, questions about state government, and questions from and about municipal government, all of which we either investigated or forwarded to the appropriate agencies.

How well are we doing it?

Our audits are required to meet the Generally Accepted Government Auditing Standards established by the Government Accounting Office. This is determined by a peer review conducted once every three years by auditors from other states under the auspices of the National State Auditors Association. Our last peer review was in 2015 and the multi-state team of auditors found that we were in full conformance with generally accepted government auditing standards.

¹ Judiciary – Public Defender Fees, Agency of Education – Equalized Pupil Calculations, Dept. of Taxes – Collections, Departments of HR, F&M, and Information – employee annual performance evaluations, DCF – Beneficiary Fraud, DVHA & AOA - VITL Oversight and Performance, and DII – Self-Funded Web Portal.

² Dept. of Labor – risk assessment re. the UI program, Memorandum in response to whistleblower allegations about a personal services contract at DPS and AOT, and Health Care Price Transparency Part II.

Is anyone better off?

Our performance audits contain recommendations designed to improve the operations of state government. For the work to produce benefits, state entities and/or the General Assembly must implement the recommendations. The greater the number of recommendations implemented, the more benefit will be achieved. Unfortunately, we have no power to compel adoption of our recommendations. But a measure of the quality and persuasiveness of our performance audits is the extent to which our recommendations are acted upon. Experience has shown that it takes time for some recommendations to be implemented so we track recommendation implementation in the years following the audits. The results are encouraging and are reported in our annual recommendation follow-up as required by Act 155 (2012).

Second, in some cases, a performance audit will identify actual or potential savings through improved operations or from cost recovery efforts from contractors, grantees, or beneficiaries of incentive programs. We sometimes find situations with a high likelihood of savings, but the available data make it impossible to estimate the amounts (e.g., Department of Labor – Misclassification and Tax Department - collections). In other situations, the amounts can be estimated, but the auditee does not have the necessary policies or procedures to maximize savings or recovery (e.g., Judiciary – Public Defender fees and DCF – beneficiary fraud). In such circumstances, the legislature can play an important role by encouraging or requiring the entities to adopt our recommendations.